

TOWN OF ELMER CITY
Okanogan County, Washington
January 1, 1991 Through December 31, 1992

Schedule Of Findings

1. The Town Of Elmer City Should Improve Cash Receipting And Reconciliation Procedures

During our audit of the town, we reconciled two months cash receipts to the accounting records and to the bank. This test was performed to ensure that all cash received was recorded in the accounting records and was deposited in the bank. For the two months reviewed, the amounts did not agree.

In order to ensure that all funds were accounted for, it was necessary to identify the differences, which increased audit costs to the town.

Upon further review, the following problems were identified:

- a. Deposits are not made in a timely manner, and
- b. Receipts are not deposited intact.

The RCW 43.09.200 states in part:

. . . The (accounting) system shall exhibit true accounts and detailed statements of funds collected, received, and expended for any purpose whatever, and by all public officers, employees, or other persons. The accounts shall show the receipt, use, and disposition of all public property, and the income, if any derived therefrom

We recommend that the town improve its cash receipting and depositing system to ensure the integrity of the accounting records.

2. The Town Of Elmer City Should Monitor Its Budget To Ensure That Expenditures Are Within Budget Appropriations

We found that the town's expenditures exceeded appropriations for 1992 and 1991 as follows:

<u>Year</u>	<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Amount Exceeded</u>
1992	Current Expense	\$65,328	\$65,900	\$ 222
	Sewer	48,024	49,224	1,200
1991	Water Const.	800	6,077	5,277

The RCW 35.33.121 states in part:

. . . the expenditures of a city or town funds or the incurring of current liabilities on behalf of the city or town shall be limited to . . . the total amount appropriated for each fund in the budget for the current fiscal year

RCW 35.33.125 states in part:

The Clerk shall issue no warrant and the city or town legislative body or other authorized person shall approve no claim for an expenditure in excess of the total amount appropriated for any individual fund

This condition occurred because the clerk-treasurer was not aware of the requirement to monitor all cash disbursements and transfers against the budget.

We recommend that the town monitor its budget so that expenditures will not exceed appropriations.

3. The Town Should Prepare And Submit The Annual Report Within The Prescribed Time

The Town of Elmer City annual financial reports for 1992 and 1991 were not prepared and submitted to the State Auditor's Office and made available for public review within 150 days after the close of the fiscal year.

The RCW 43.09.230 states in part:

. . . The state auditor shall require from every taxing district and other political subdivisions financial reports covering the full period of each fiscal year . . . Such reports shall be prepared, certified, and filed . . . within one hundred fifty days after the close of each fiscal year . . .

When financial reports are not prepared and filed as required, the users of these reports are denied access to the town's financial information. Such users include the taxpayers within the town, and the state legislature, which receives a copy of the annual volume of comparative statistics for all municipalities, published by the State Auditor's Office. In addition, when the information provided in the town's financial statements and schedules is not available in a timely manner, audit time and costs could be significantly increased.

The town was delayed in the preparation of its financial reports because of its failure to commit adequate resources to meet the annual report deadline.

We recommend that the town submit its annual report within 150 days after the close of the fiscal year.